

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4276-01
BILL NO.: HB 1874
SUBJECT: Elderly; Health Care; Insurance - Medical
TYPE: Original
DATE: March 13, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Insurance Dedicated	\$10,050	\$0	\$0
Conservation	(Unknown)	(Unknown)	(Unknown)
Highway	\$0 to (\$1,611,036)	\$0 to (\$1,611,036)	\$0 to (\$1,611,036)
Total Estimated Net Effect on <u>All</u> State Funds	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services** assume this proposal would not fiscally impact their agency.

Department of Insurance (INS) officials state that they anticipate that current appropriations and staff would be able to absorb the work for implementation of this proposal. However, if additional proposals are approved during the legislative session, INS may need to request an increase in appropriations due to the combined effect of multiple proposals.

INS states there are 259 health insurers and 30 HMOs that offer health insurance coverage. INS states that of the health insurers, many offer coverage through out-of-state trusts which are not typically subject to such mandates. INS estimates that 171 health insurers and 30 HMOs would each submit one policy form amendment resulting in revenues of \$10,050 to the Insurance Dedicated Fund.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state that currently all of the HCP plans provide coverage for hearing aids. HCP states the HMO and POS plans allow coverage for hearing aids once every two years at a twenty percent coinsurance in-network. HCP states the PPO plan allows coverage for hearing aids once every two years with the appropriate deductible and coinsurance applying. HCP assumes this proposal would not fiscally impact HCP.

Officials from the **Department of Transportation (DHT)** assume this proposal would have a fiscal impact on the medical plan because the plan does not currently cover hearing aids. DHT states that based on information obtained from Better Hearing Institute, it indicated that ten percent of the population have hearing impairments ninety-five percent of which would be correctable with hearing aids. DHT assumes that this proposal would affect 1,525 member and dependents of the medical plan (16,045 current members and dependents x 10% x 95%). DHT states the price range on hearing aids vary considerable from \$600 to \$1,000. DHT states that for purposes of this fiscal note they would use an average price of \$756 per person to be equipped with hearing aids. DHT assumes this proposal would have a fiscal impact on the medical plan of \$1,152,900. The medical plan board would need to approve of any state share or employee contribution increase. DHT states that if the state share would be increased to cover this cost, then the fiscal impact would be to DHT.

Department of Conservation (MDC) officials state the proposal would have fiscal impact on MDC funds because of the increase in health insurance claims. MDC stated the extent of the

ASSUMPTION (continued)

fiscal impact is unknown.

Officials from the **Department of Public Safety - Missouri State Highway Patrol (MHP)** assume that the cost associated with the proposal would be absorbed by the plan. MHP states the medical plan does not currently cover hearing aids. MHP states that according to the Better Hearing Institute, ten percent of the population have hearing impairments and ninety-five percent of those people could correct hearing loss with hearing aids. MHP states that currently the medical plan has 6,377 Highway Patrol members and dependents. Of those 6,377 participants, MHP assumes ten percent have hearing impairments and only ninety-five percent could be helped with a hearing aid ($6,377 \times 10\% = 638 \times 95\% = 606$). According to United Health's policy through Missouri Consolidated Health Care Plan, the price range varies from a maximum of \$600 for a behind the ear style to a \$1,000 maximum for a programmable style. The average cost would be \$756. MHP assumes the fiscal impact would be $\$756 \times 606$ which is \$458,136. MHP assumes that this cost would be absorbed by the plan.

Oversight assumes a range of \$0 to \$458,136 to reflect the unknown of increased employee contributions, increased state contributions, being absorbed, or some combination.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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INSURANCE DEDICATED FUND

<u>Income - Department of Insurance</u>			
Filing fees	<u>\$10,050</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$10,050</u>	<u>\$0</u>	<u>\$0</u>

HIGHWAY FUND

<u>Cost - Department of Transportation</u>			
Increased state contributions	\$0 to (\$1,152,900)	\$0 to (\$1,152,900)	\$0 to (\$1,152,900)

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
Costs - Department of Public Safety - Missouri State Highway Patrol			
Increased state contributions	<u>\$0 to (\$458,136)</u>	<u>\$0 to (\$458,136)</u>	<u>\$0 to (\$458,136)</u>

ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$0 TO</u> <u>(\$1,611,036)</u>	<u>\$0 TO</u> <u>(\$1,611,036)</u>	<u>\$0 TO</u> <u>(\$1,611,036)</u>
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CONSERVATION FUND

<u>Cost - Department of Conservation</u>			
Increased state contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON CONSERVATION FUND	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would require health insurance and managed care entities to provide coverage for hearing aids. Most supplemental health insurance policies would be exempt from the requirement.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

MPW:LR:OD:005 (9-94)

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SOURCES OF INFORMATION

Department of Insurance
Missouri Consolidated Health Care Plan
Department of Transportation
Department of Social Services
Department of Conservation
Department of Public Safety
Missouri State Highway Patrol

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
March 13, 2000